

## LINE AND STAFF RELATIONSHIPS

By

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Different types and forms of authority relationships exist in different firms. The most common type of authority relationships used in Ohio agribusiness is the Line and Staff Relationship.

"An authority relationship in which the employee in one position can exercise direct command over an employee in another position is called Line Authority. When a superior can exercise direct command over a subordinate he has line authority." 1/

"An authority relationship in which an employee in one position can advise, but not command an employee in another position is called staff authority."

"An employee in a staff position cannot command others, but he is to provide information, advice and recommendations." 2/

Line and staff relationships are determined by relationships and not by activities. A position may be staff in one firm and line in another firm.

It has been said that an easy way to separate line and staff position is to use the classifications of think and act. The function of the line executive is to act. The function of the staff executive is to think.

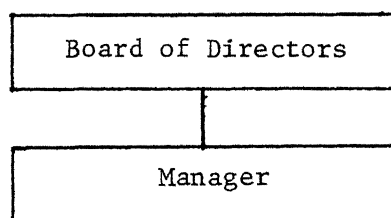
Another classification of line and staff is:

Line personnel are those employees who direct the organization toward its objectives.

Staff personnel are those employees who help line personnel achieve the objectives.

In the beginning of many of Ohio agricultural businesses, the organizational structure was simple. It often consisted of one man who served as manager, book-keeper, janitor, salesman, etc. (Figure I)

Figure I



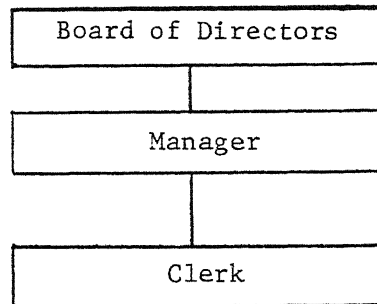
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1/ Carzo, R. and Yanouzas, J.; Formal Organization, Irwin, 1967, p. 50.

2/ Ibid.

As the business grew, the manager found that, at times, it became necessary for him to be away from the business, so he employed a young man to take care of customers during his absence. The firm's organization structure changed. (Figure II).

Figure II



As the business continued to grow, the manager found that it was becoming increasingly difficult for him to keep the firm's bookkeeping up to date. So, he hired a secretary-bookkeeper. The organization now included two employees in addition to the manager. The manager had permitted his first employee to assume managerial functions for the business on a limited basis in his absence.

What is the organizational structure when the secretary-bookkeeper is added? Is it Figure A, Figure B or Figure C?

Figure A

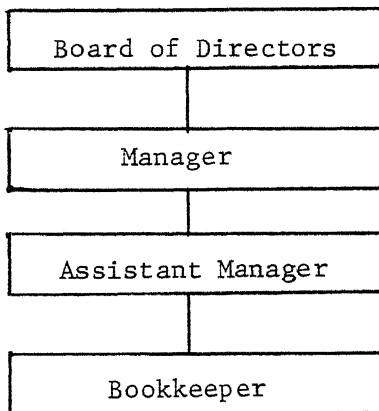


Figure B

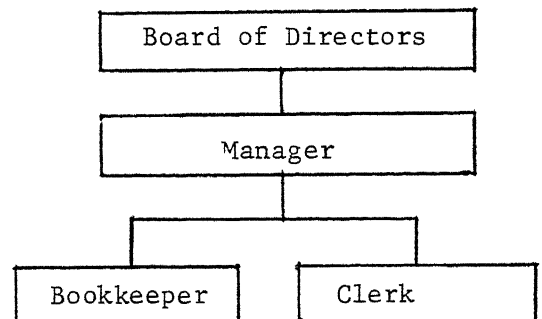


Figure C

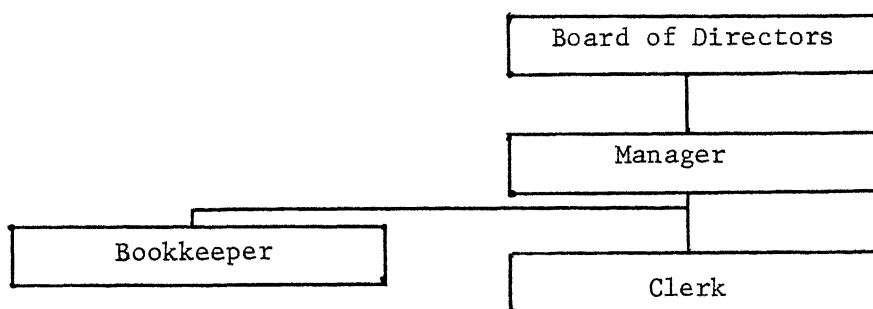


Figure A is a line relationship. The manager can exercise direct command over the Assistant Manager and the Assistant Manager can exercise direct command over the bookkeeper.

Figure B is a line relationship, but the Manager may exercise direct command over both the bookkeeper and the clerk.

Figure C is a line and staff relationship. The bookkeeper is in a staff position and the manager and clerk are in line positions.

Either of the three arrangements will produce satisfactory results if each person involved understands his authority relationship to the others and the authority relationships of the other two individuals to him.

The selection of one of the above structural charts which best serves the firm is dependent upon the answer to this question:

1. Over whom, and for what, does each person have authority?
2. Or, looking upward, to whom and for what is each person responsible?

To help answer these questions, a brief examination of the theory of organizational structure is necessary so that we may better understand the advantages and disadvantages of the various structures.

Let's examine three formal types of organizational structure:

1. Line Structure
2. Functional Structure
3. Line and Staff Structure

#### Line Structure:

In the pure line organization, each executive has authority over all the activities in his area. He must handle everything that is needed to accomplish the objective of his unit. He is responsible only to his immediate supervisor.

In the pure line structure the employee has undivided authority. He has no specialists to go to for help. He is his own employment manager, sales manager, production manager, etc.

The pure line organizational structure has three major advantages:

1. Each executive is completely responsible for everything in his area.
2. Decisions can be made quickly.
3. It is easy to understand the structure as each person has a line of contact with only one person above him and one person below him.

### Functional Structure:

The concept of functional structure was advanced to overcome the disadvantage of the lack of specialists in the line structure. This organizational structure has failed to work every time it has been tried. It is important, however, since it is basic to the line and staff concept.

In pure functional structure:

1. Each executive has authority for only one function
2. Each is responsible to a number of specialists, but to each for only his speciality

This is a difficult structure to illustrate since the lines of authority run from one subordinate to a number of specialists and is even more confusing when in operation.

### Line and Staff Structure:

In practice, most firms operate in a dynamic and competitive economy and are faced with many complexities and rapid advances in knowledge and technologies. As the firm grows there is an apparent need for specialists in such areas as legal research, taxes, personnel, etc. Each of these specialists relieve the manager of certain duties and permit him to concentrate his efforts on those activities for which he is most qualified.

The staff group which is expected to serve the line, does not have the right to impose its wishes upon line executives. The staff then has only staff authority. The line remains the avenue for command and performance of the work. The line and staff concept has the advantages of the pure line and pure staff function without the disadvantages of either.

The line and staff concept advantage:

1. Undivided Authority of the line
2. Services of specialists

The disadvantages of the line and staff concept:

1. Line executives may be reluctant to request the services of staff executives
2. Staff executives may attempt to force their ideas upon the line executives

Nature of Line and Staff Work

<u>Line</u>	<u>Staff</u>
1. Directs	1. Advises
2. Orders	2. Suggests
3. Is responsible for carrying out total activities from beginning to end	3. Studies, reports, recommends, but does not carry out total activities
4. Follows the chain of command	4. May advise across departmental lines
5. Is identified with the activity performed	5. May find its ideas identified with others
6. Acts	6. Thinks

Difficulties in Line and Staff Relationships Often Include:

Staff executives don't understand day-to-day problems

Line executives fail to avail themselves of staff advice or assistance

Staff executives deal in theory

Line executives seek help from the wrong staff executives

Staff executives are "change" oriented

Line executives are conservative

Staff executives assume line authority

Line executives call on staff executives after its too late

To maintain harmony between line and staff the manager might consider the following suggestions:

1. Develop a better understanding of the basic authority relationships with the organizational structure.
2. Stress interdependence rather than separation of the various organizational units.

What position is line and what position is staff depends upon the type of authority possessed. Line authority creates a line executive, staff authority creates a staff executive. Line authority gives rise to a line organization. The use of staff authority alters the line organization and makes it a line and staff organization. Line and Staff organization is common in agribusiness firms.

Question

List the line and staff positions in your firm.

## Cooperative Visit Report

Figure 7

Visit to a _____ Cooperative by _____	
(Student's Name)	
Date of visit _____	
Name of Cooperative _____	
Principal Location _____	Branches at: _____
Manager's Name _____ No. of employees _____	
Brief description of operation:	
_____	
_____	
What are the requirements for membership? _____	
_____	
When organized _____	Current book value of facilities: _____
Total volume of business last year \$ _____	
Average for past ten years, estimate \$ _____	
Net operating profit last year \$ _____	
Average for past ten years, estimate \$ _____	
Cost of membership or stock \$ _____	
Number of members (stockholders) _____	
Amount of business with members, estimate _____% Non members % _____	
Total patronage refunds, returned to patrons by the co-op last year \$ _____	
Patronage paid to patrons as a percent of total business done with the	
Cooperative _____ %	
Is patronage refund paid to non-members? _____ Yes _____ No	
Percent of Patronage Refund Paid in Cash _____% Non-cash _____%	

Figure 7 (cond't)

Names of members of the Board of Directors. (Place an \* in front of those you recognize and \*\* in front of those you know personally. Use reverse side of sheet if more than ten.)

- |          |           |
|----------|-----------|
| 1. _____ | 6. _____  |
| 2. _____ | 7. _____  |
| 3. _____ | 8. _____  |
| 4. _____ | 9. _____  |
| 5. _____ | 10. _____ |

When do the Board of Directors meet? \_\_\_\_\_

Is an agenda prepared for each board meeting (example)? \_\_\_\_\_

Is this Co-op a part of a Centralized or Federated organization? \_\_\_\_\_

What taxes did this co-op pay last year? \_\_\_\_\_

What cooperative is this cooperative a member of? \_\_\_\_\_

What is the non-cash patronage refund redemption policy? \_\_\_\_\_

How much did this cooperative receive in patronage refunds from other co-ops last year? \_\_\_\_\_

Your advisor may want to secure a copy of the cooperative's articles and bylaws for future reference.